

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 8017

BILL NUMBER: HB 2071

DATE PREPARED: Jan 13, 2001

BILL AMENDED:

SUBJECT: Mandated Health Care Benefits Review.

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**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: This bill establishes the Mandated Health Insurance Services Evaluation Commission. The bill requires the Commission to analyze legislative proposals that mandate health insurance benefits. The bill provides that the Commission must prepare an analysis of a bill or resolution before the bill or resolution may be recommended for passage by the Committee of the House of Representatives or Senate to which it is referred and before the bill is voted on by either Chamber of the General Assembly.

Effective Date: July 1, 2001.

Explanation of State Expenditures: This bill establishes a Mandated Health Insurance Services Evaluation Commission which is to analyze legislative proposals that mandate health insurance benefits. The Commission consists of twelve members. Four of the members are legislators and eight are lay members. The Legislative Services Agency will provide the administrative support for the Commission.

The responsibilities of the Commission as provided for in this bill are as follows:

1. To determine the social impact of the propose mandate.
2. To determine the medical impact of the proposed mandate.
3. To determine the financial impact of the proposed mandate.

The Commission is also required to prepare an actuarial analysis of each mandated health insurance benefit before a bill or resolution may be recommended for passage by the Committee of the House of Representatives or the Senate.

Lay members are entitled to a per diem of \$50 and travel expenses. State employees who are members of the Commission will be reimbursed for travel expenses. Legislative members of the Commission will receive a per diem of \$112 and travel expenses. The aforementioned expenses will be paid from the State General

Fund. Total costs will depend on the number of meetings held.

Based upon a comparative analysis of states (Hawaii, Virginia, and Ohio) which conduct analysis of the fiscal impact of mandated benefits or require an actuary to analyze mandated health insurance benefits, the provisions in this bill are estimated to require two full-time analysts from the Legislative Services Agency (LSA) to staff the Commission and an actuary to conduct the actuarial analysis. The costs for LSA staff would be about \$99,000 for each of FY2002 and FY 2003, which includes salary, fringe benefits, and indirect costs.

The Ohio State Government recently passed legislation that arranges for healthcare actuarial reviews of bills that contain a mandated health services benefit. The Ohio Legislative Budget Office estimates that the actuarial analysis costs approximately \$15,000 to \$30,000 per bill. Based on ten bills per legislative session that would be required to undergo the analyses required by this bill, the cost per year for an actuarial analysis would be \$75,000 to \$150,000. (Five to 15 bills per session over the last few years might meet the criteria provided in this bill requiring a mandated health care benefits review.)

Total state expenditures are estimated to be approximately \$174,000 to \$249,000 for each of FY 2002 and FY 2003.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance, Legislative Services Agency.

Local Agencies Affected:

Information Sources: Ohio Legislative Budget Office, Hawaii Legislative Auditor's Office, Virginia Department of Insurance.